United Nations E/AC.51/2018/2

Economic and Social Council

Distr.: General
19 March 2018

Original: English

Committee for Programme and Coordination
Fifty-eighth session
Organizational session, 19 April 2018
Substantive session, 4–29 June 2018*
Item 3 (c) of the provisional agenda**
Programme questions: evaluation

Triennial review of the implementation of the recommendations from the programme evaluation of the United Nations Human Settlements Programme

Report of the Office of Internal Oversight Services

Summary

The present report is submitted in accordance with the decision taken by the Committee for Programme and Coordination at its twenty-second session (see A/37/38, para. 362) to review the implementation of its recommendations three years after taking decisions on evaluations submitted to the Committee. This triennial review determined the extent to which the seven recommendations emanating from the Office of Internal Oversight Services (OIOS) programme evaluation of the United Nations Human Settlements Programme (UN-Habitat), prepared by the Inspection and Evaluation Division, were implemented and assessed the extent to which their implementation contributed to programme changes.

The OIOS evaluation had focused on the full programme of work of UN-Habitat, with recommendations addressing the relevance, effectiveness and efficiency of UN-Habitat in executing its mandate. At the conclusion of its fifty-fifth session, the Committee recommended that the General Assembly endorse the OIOS evaluation report. The triennial review determined that six recommendations (recommendations 1–5 and 7) were implemented and one recommendation was partially implemented (recommendation 6). There were also early indications of specific positive outcomes resulting from the recommendations implemented.

Recommendation 1 had advised UN-Habitat to strengthen its risk-management systems, which had been insufficient for managing its significant risk profile. UN-Habitat strengthened its risk-management approach and developed the

* The dates for the substantive session are tentative.
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UN-Habitat enterprise risk management implementation guidelines in May 2015, with risk management being overseen by the Risk Oversight and Advisory Committee. The Guidelines improved UN-Habitat staff members' understanding of risks and enhanced the identification, management and challenges of its programmatic and human-resource risks.

Recommendation 2 had pointed to the need for stronger accountability throughout UN-Habitat. At the time of the evaluation, there had been no policies, strategies or accountability framework to help facilitate the cascading of a corporate vision throughout the agency, or for the respective roles and responsibilities for its implementation at various levels. A UN-Habitat programme accountability framework, aligned with the United Nations Secretariat accountability system, went into effect in July 2015. The framework outlined the chain of responsibility and authority within the organization. Additionally, UN-Habitat implemented other accountability-related initiatives, such as the adoption of enterprise resource planning, implementation of enterprise risk management, development of an implementing partners policy and institutionalization of results-based management.

Recommendation 3 had addressed the lack of adequate cascading of the broad organizational goals of UN-Habitat throughout the agency. UN-Habitat implemented the recommendation by developing the regional strategic plans for each of its four regional offices. Additionally, 11 UN-Habitat country programme documents (HCPDs) were completed in countries within these four regions. Guidelines for the new generation of UN-Habitat country programme documents were also developed, which elaborated on how the documents should be aligned with their respective regional strategic plans and with UN-Habitat corporate priorities.

Recommendation 4 had addressed the lack of clarity in the UN-Habitat project-approval process, with low participation of branches in the project advisory groups, resulting in a potential lack of quality assurance and misalignment of projects with corporate objectives. UN-Habitat implemented the recommendation by redesigning its project-approval process in November 2017. The revised approval process featured a comprehensive workflow overview that took users through six key steps, from concept note to final approval and budget release. Additionally, the UN-Habitat project quality at entry checklist was created, whereby projects could not be approved for funding until all elements in the checklist were rated satisfactory.

Recommendation 5 had advised UN-Habitat to develop a risk-based approach to identifying areas for evaluation, as it had previously not documented its own outcome-level performance in a consistent or systematic manner. UN-Habitat implemented the recommendation by revising the UN-Habitat evaluation framework, which established a system for assessing projects at risk and aimed to ensure that evaluation costs were planned for in all UN-Habitat projects and programmes. Evaluations included the evaluability assessment of the strategic plan in late 2016 and the midterm evaluation for the twentieth session of the UN-Habitat Governing Council. The UN-Habitat evaluation plan for 2016–2017 was developed based on priorities for incorporating global initiatives, country-level evaluation and normative work.

Recommendation 6 had addressed shortcomings in information and knowledge management within the organization. At the time of the evaluation, despite having drafted a knowledge management strategy, UN-Habitat had not yet decided on the final functions or location of the Knowledge Management Support Unit. UN-Habitat implemented the recommendation by finalizing the knowledge management strategy. An action plan for operationalizing the knowledge management strategy was also

finalized. However, UN-Habitat had not yet finalized the Knowledge Management Support Unit, implemented procedures to update its intranet or updated its list of contracted staff with third parties.

Recommendation 7 had addressed the lack of a mechanism for UN-Habitat to manage and govern its partnerships and had raised serious concerns regarding the agency's financial resources. UN-Habitat developed and implemented a resource mobilization action plan in December 2015. The plan provided a detailed overview of the roles and responsibilities of main offices. Additionally, UN-Habitat was developing its 2018 resource mobilization plan and a resource mobilization strategy template for 2018–2019, to be used by regions and branches to outline their resource mobilization plans for 2018–2019. An analysis of financial resources indicated, however, that UN-Habitat funding continued to decrease from 2015–2017. The partnership strategy was completed in 2017, and UN-Habitat participated in developing the United Nations system collaborative implementation framework for sustainable urban development. While both strategies were implemented, critical concerns remained regarding the financial viability of UN-Habitat and its ability to maintain partnerships without leadership dedicated to this function.

I. Introduction

1. At its fifty-fifth session, in 2015, the Committee for Programme and Coordination considered the report of the Office of Internal Oversight Services (OIOS), prepared by the Inspection and Evaluation Division, on the programme evaluation of the United Nations Human Settlements Programme (UN-Habitat) (E/AC.51/2015/2). The evaluation had focused on the overall relevance, effectiveness and efficiency of UN-Habitat.

2. The Committee expressed appreciation for the efforts of UN-Habitat to position itself as the lead United Nations agency for sustainable urbanization. The Committee recommended that the General Assembly endorse the recommendations contained in paragraphs 64 to 70 of the OIOS report on the evaluation of UN-Habitat.

3. The present report is issued pursuant to a triennial review that examined the current status of implementation of the seven recommendations contained in the OIOS evaluation report. The review also assessed, wherever possible, the extent to which implementation of individual recommendations contributed to programme changes.

4. The methodology for this triennial review included:

(a) Review and analysis of biennial progress reports on the status of recommendations, which are monitored through the OIOS recommendation database;

(b) Analysis of relevant information, documents and reports obtained from UN-Habitat on various topics related to the recommendations;

(c) Interviews conducted with a purposive sample of six UN-Habitat senior managers and programme staff.

5. The report incorporates comments received from UN-Habitat during the drafting process. A final draft was shared with UN-Habitat, which provided final comments (see annex). OIOS expresses its appreciation for the cooperation and assistance provided by UN-Habitat in the preparation of the present report.

II. Results

6. The General Assembly established UN-Habitat in 2002, in its resolution 56/206. UN-Habitat is the lead United Nations agency responsible for human settlements. At the operational level, it undertakes technical cooperation projects such as the construction of water and sanitation facilities, shelter and other works. At the normative level, it seeks to influence Governments and non-governmental actors in formulating, adopting, implementing and enforcing policies, norms and standards conducive to sustainable human settlements and sustainable urbanization.

7. The evaluation had issued seven recommendations to UN-Habitat, namely that it: (1) strengthen risk management; (2) finalize an accountability framework; (3) complete a regional strategic plan for all regional offices; (4) revise and implement the quality-assurance responsibilities of the Project Advisory Group; (5) develop a risk-based approach to identifying areas for evaluation; (6) strengthen information and knowledge management; and (7) finalize the Resource Mobilization and Partnership Strategies. Six recommendations (recommendations 1–5, and 7) were implemented, and one (recommendation 6) was partially implemented. However, as the recommendations were recently implemented, OIOS could not determine the

positive outcomes resulting from the implementation. The implementation status of each of the seven recommendations is discussed below.

Recommendation 1
Strengthen risk management

8. Recommendation 1 reads as follows:

UN-Habitat should strengthen its risk-management approach, including, at a minimum, a policy and plan of action articulating its:

- Mechanism for systematically identifying and prioritizing risks at each organizational level, and for assessing the agency's vulnerability to each
- Identification of specific corporate risks
- Plan for managing and monitoring each risk, communicated to all relevant staff and consultants

9. This recommendation focused on the need for UN-Habitat to systematically identify and address its reputational, human and programmatic risks. The OIOS evaluation had indicated that UN-Habitat risk-management systems were insufficient for managing its significant risk profile.

10. UN-Habitat took numerous steps to implement this recommendation. It developed enterprise risk management implementation guidelines in April 2015. These guidelines were designed to facilitate the implementation of effective enterprise risk management in UN-Habitat, in compliance with the United Nations Secretariat enterprise risk management policy and methodology.[1] These guidelines outlined the governance structure, roles and responsibilities, monitoring requirements, tools and implementation road map for managing the risks identified by UN-Habitat. The tools included:

(a) A Project Accrual and Accountability System (PAAS), that is, a repository system facilitating the tracking, monitoring and reporting of risks;

(b) A risk treatment and response plan template, specifying the main controls already in place for managing each identified risk, any additional control and treatment strategies required, detailed action plans and risk "owners" bearing primary responsibility for managing each risk;

(c) A risk register, that is, a consolidated inventory of all risks and associated information, including the risk category, risk definition, management strategy, rating results and other relevant information pertaining to each risk.

11. In 2014, UN-Habitat conducted a risk assessment study to identify its most critical corporate-level risks for inclusion in the enterprise risk management guidelines. These risks were as follows:

(a) Realization and demonstration of results in line with the UN-Habitat strategic plan and mandate;

(b) Fit-for-purpose human resource strategies, operational tools and business processes;

[1] The Secretariat policy was intended to enhance Secretariat capacity for risk assessment and mitigation and to provide a consistent and comprehensive risk-management methodology for application across the Secretariat.

(c) Governance and oversight for enhanced accountability, transparency and risk management;

(d) Financing of the core budget;

(e) Safety and security;

(f) Umoja implementation.

12. This exercise also served to identify risk-management levels, whereby risks would be managed in a decentralized manner — that is, by the organizational area closest to where the risk occurred. This decentralized approach is summarized in table 1 below.

Table 1
UN-Habitat risk-management levels

Management levels	*Risk type*	*Risk owners*
Corporate level	Organization-wide risks	Executive Director
Divisional level	Risks affecting divisional functions and responsibilities	Divisional Directors
Regional level	Region-specific risks	Regional Directors
Subprogramme level	Risks affecting delivery of results at subprogramme level	Subprogramme Coordinators
Country office level	Country-specific risks	Head of Country Offices
Project level	Project-specific risks	Project Managers

Source: UN-Habitat enterprise risk-management guidelines, April 2015.

13. To operationalize the implementation of the guidelines, the UN-Habitat Executive Director (the Under-Secretary-General) issued an internal memorandum to staff on 30 April 2015. The memorandum established a Risk Oversight and Advisory Committee to oversee enterprise risk management implementation, strengthen internal capacity and assist in managing the most critical risks. Specifically, the Committee's terms of reference stipulated its key functions as follows:

(a) Monitor and discuss the overall effectiveness of risk-management practices and provide findings to the Executive Director;

(b) Review the UN-Habitat risk profile and related action plans;

(c) Review and evaluate the main risk areas and specific risks and determine the overall policy of the organization on how to manage them;

(d) Monitor and advise on progress in the implementation of the enterprise risk management policy and framework;

(e) Ensure that key risks are considered in the strategic planning and programming process;

(f) Advise the Executive Director on the overall implementation of the enterprise risk management and on strategic decisions regarding such implementation;

(g) Review and approve the annual internal audit workplan;

(h) Ensure that the findings and recommendations of internal and external audits feed into executive management processes, and that accepted recommendations are implemented in a timely manner.

14. The Risk Oversight and Advisory Committee was chaired by the Deputy Executive Director, with membership drawn from senior management. Though scheduled to meet quarterly, it met at less regular intervals, namely three times in 2015 (August, September and November), once in 2016 (March) and three times in 2017 (May, July and September). Meeting minutes were circulated to all staff through the intranet (Habnet). The OIOS review of those minutes indicated that emerging risks were identified for discussion and action. There were instances, however, in which discussions and action items were not taken up again at subsequent meetings. One such instance occurred when, at the March 2016 meeting, emerging risks were identified and a comprehensive update on these was to be presented at the next meeting. UN-Habitat was unable, however, to provide information as to whether this occurred.

15. UN-Habitat drafted a risk mitigation action plan outlining 18 risk drivers stemming from its strategic plan and mandate. Each risk driver was prioritized, assigned a corresponding risk-management action, a team responsible for the action and a date by which the action was due. All actions were to be completed by December 2019.

16. Enterprise risk management e-learning training was made available to staff in Inspira, the United Nations human resources platform. The Executive Director issued instructions to all staff to take the training, with a mandatory reporting requirement, as part of the 2015–2016 performance evaluation cycle. Monitoring of the completion of the training was conducted, and reminders sent to Risk Oversight and Advisory Committee members to complete the training and promote compliance within their respective offices.

17. To implement a risk-based approach to its operations, UN-Habitat developed the following:

(a) A policy for implementing partners, approved 27 January 2017: the policy was developed to provide risk-based guidelines in the selection and management of implementing partnerships and was designed to mitigate operational, financial and reputational risks arising from the activities from implementing partners;

(b) An updated version of its project quality at entry checklist, which henceforth required an examination of risks and the development of safeguards: the new template for UN-Habitat country programme documents also incorporated a risk analysis identifying risk types (partner-related issues; political instability; and economic, sociocultural and environmental conditions), risk likelihood, risk mitigation strategy, responsibilities and cost implications;

(c) A staff workshop on strengthening programme relevance and operational effectiveness, held in December 2017 and focusing on a variety of programmatic risks, with discussions related to engagement on the New Urban Agenda transformative commitments and urban-related Sustainable Development Goals (SDGs), which UN-Habitat services at the country, regional and global levels.

18. Interviewed staff reported a transformation in how UN-Habitat viewed risks as a result of the recommendation's implementation. This transformation, they maintained, was in the form of improved understanding of risk and enhanced identification and management of risks. These reported gains notwithstanding,

sustained attention to the continued implementation of the aforementioned actions will be necessary for ongoing embedding of a risk-management sensibility within UN-Habitat. This notion was corroborated by a recent study by PricewaterhouseCoopers, which confirmed that a more detailed and comprehensive approach to identifying and addressing additional risks was necessary. UN-Habitat was following up on this report at the time of the triennial review.

19. This recommendation was implemented.

Recommendation 2
Finalize an accountability framework

20. Recommendation 2 reads as follows:

> The Office of the Executive Director should finalize an accountability framework, aligned with the UN-Habitat ST/SGB and with relevant work undertaken at the Secretariat-wide level.

21. This recommendation addressed the need for UN-Habitat to finalize its accountability framework, so as to facilitate the cascading of its corporate vision throughout the agency, with delineated roles and responsibilities on accountability for the implementation of the strategy emanating from this broad vision.

22. The UN-Habitat Management Board adopted and approved an accountability framework in June 2015, which took effect on 1 July 2015. The accountability framework described the organization-wide mechanisms and processes for monitoring, assessing, reporting on and improving performance throughout the organization. It also outlined the chain of responsibility and authority and accountability flows within the organization. The framework was guided by seven core principles of accountability, which formed its foundation and provided the basis for implementing accountability policies, procedures and instruments: (a) clarity of responsibility; (b) alignment of accountability with organization-wide goals; (c) formal and consistent delegation of authority; (d) risk and cost-benefit considerations in decision-making; (e) reliable and verifiable performance monitoring and reporting; (f) highest standards of personal integrity (self-attestation and ethical conduct); and (g) transparency.

23. UN-Habitat described the improvement of its accountability systems as a continuous process and implemented several management initiatives to further strengthen and improve accountability. The initiatives included:

(a) Adoption of an enterprise resource planning system: on 1 June 2015, UN-Habitat, along with the rest of the United Nations Secretariat, adopted the Umoja system to provide a harmonized and streamlined approach to its management of finance, human resources, procurement and assets;

(b) Implementation of enterprise risk management: On 1 June 2015, UN-Habitat also adopted enterprise risk management implementation guidelines, with the Risk Oversight and Advisory Committee guiding and advising the Executive Director on implementation;

(c) Implementation of implementing partners policy: this policy governed the selection, management and monitoring of implementing partners. The new policy included processes to ensure fair, competitive and transparent selection based on systematic assessments of capacity to deliver effectively and efficiently and systematic certification of implementing partners;

(d) Institutionalization of results-based management: UN-Habitat further strengthened results-based management with the development of a results-based management handbook and a results-based management policy in 2016;

(e) Establishment of a Risk Oversight and Advisory Committee: the Committee guided and advised the Executive Director on the implementation of enterprise risk management and accountability. However, while the Committee was duly established, the OIOS review of Committee meeting minutes revealed the following unaddressed accountability issues:

- meeting minutes of 2 March 2016 indicated that the Office of the Executive Director was to conduct an analysis of the accountability framework's implementation and articulate a final implementation plan for the Risk Oversight and Advisory Committee to endorse for presentation to the Senior Management Board. However, this action plan was not provided to OIOS
- meeting minutes of 12 July 2017 indicated that numerous accountability issues were discussed, including project structure and management accountability, support services, project-approval processes, cost recovery and organizational structure, culminating in an action point whereby divisions would present tangible actions for addressing the cross-cutting accountability issues at the next meeting. No subsequent meeting took place, so there was no evidence that these actions were undertaken.

24. This recommendation was implemented. However, UN-Habitat still needed to update its accountability framework and policy to reflect developments over the past three years and to follow up on the unaddressed Risk Oversight and Advisory Committee accountability issues.

Recommendation 3
Develop a strategic plan for each regional office

25. Recommendation 3 reads as follows:

> UN-Habitat should complete regional strategic plans in all regional offices and resume the development of UN-Habitat country programme documents in priority country programmes. Toward this end, the Programme Division should develop:
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> - A list of priority country programmes requiring UN-Habitat country programme documents, rooted in its risk-management exercise
> - Clear criteria for ensuring the alignment of regional strategic plans and UN-Habitat country programme documents with overarching corporate priorities within their specific regional and country context, along with any further elements each must address
> - UN-Habitat country programme documents, borrowing on existing exemplars, to facilitate the cost-effective adoption of the documents.

26. This recommendation addressed the insufficient cascading of corporate objectives throughout the agency. At the time of the evaluation, only two of the four regional offices had begun to develop regional strategic plans or to translate the broad corporate goals of UN-Habitat into specific contextual strategies for their respective regions. In addition, a number of countries analysed in the evaluation had maintained a predominant focus on rural development, despite recognized sustainable urbanization needs, and neither the strategic plan for 2014–2019 nor the strategic

framework for 2014–2015 provided explicit direction on how the agency would bridge its rural and urban focus in the future.

27. In response to this recommendation, UN-Habitat developed and issued regional strategies for the four regions in which UN-Habitat operated (Africa; Arab States; Asia and the Pacific; and Latin America and the Caribbean). These were completed in February 2016 and used the new template for developing UN-Habitat country programme documents (described in para. 28). The OIOS review of a sample of these plans revealed that they did indeed reference the broad vision and strategic objectives of UN-Habitat, the New Urban Agenda and SDGs.

28. UN-Habitat also developed and issued a template for developing UN-Habitat country programme documents. The template ensured that all new documents would be prepared in an integrated and better coordinated manner, with clearer alignment with the UN-Habitat strategic plan for 2014–2019. It provided a model table of contents for use by country and regional offices, and stressed the need for alignment to the New Urban Agenda and SDGs. New country programme documents were required to emphasize emerging trends, highlight the relevance of UN-Habitat polices in thematic areas, and help sharpen national urban policies. The methodology of work required the next country programme documents design process to take into account a range of considerations, emanating from the lessons learned from previous experience. These considerations were as follows:

(a) new thematic areas and policy areas as directed by the Executive Director;[2]

(b) alignment of normative and operational activities at the country level to the new strategic vision and action plan for 2014–2019, thus ensuring that UN-Habitat country programme documents are clearly aligned with broader UN-Habitat objectives and that they are informed by inputs from branches and even other regions;

(c) inputs from, and clear references to, a number of key policy documents and other relevant reports produced by UN-Habitat and partners;

(d) uniformity of structure and layout, coupled with flexibility to allow priorities and strategies to reflect country-specific issues and concerns, thus promoting host authorities' ownership of the document;

(e) a focus on improving existing approaches, rather than discarding or disrupting already accepted approaches;

(f) a shift away from a narrow focus on operational projects and toward a more holistic focus on advocacy and information, data collection, capacity-building and global programmes, alongside operational projects;

(g) alignment with country priorities, based on discussion with the relevant partners at the national level, including national government, local authorities and other New Urban Agenda partners;

(h) conformity with the "delivering as one" principles and the corresponding United Nations Development Assistance Framework;

[2] These were: (a) urban land, legislation and governance; (b) urban planning and design; (c) urban economy; (d) urban basic services; (e) housing and slum upgrading; (f) risk reduction and rehabilitation; and (g) research and capacity development.

(i) tangible linkage between the UN-Habitat strategic vision, national priorities and the post-2015 development agenda in line with the SDGs (especially SDG 11) in planning and implementation.

29. Eleven new-generation UN-Habitat country programme documents were completed in various countries,[3] as follows:

- Asia and the Pacific: Afghanistan, Myanmar and Sri Lanka;
- Africa: Ethiopia, Nigeria, Rwanda and Uganda;
- Arab States: Iraq and the Sudan;
- Latin America and the Caribbean: Cuba and Mexico.

30. The UN-Habitat country programme documents reportedly led to improved interventions in-country, such as in Rwanda, where considerable efforts were made on programme integration in order to ensure the success and sustainability of urbanization, building upon recent UN-Habitat achievements. The Uganda country programme document focused on seven strategic priority areas,[4] revolving around programme integration and the recognition that the urban sector should be regarded as a socioeconomic entity with many interlinking subsystems that should stimulate economic growth, resulting in inclusive, resilient and liveable cities and towns. The Afghanistan country programme document was aligned with the national development goals of the Government and, according to UN-Habitat, drew on lessons learned from its 21 years of experience working in the country. It provided a clear demonstration of how planned and well-governed settlements could help to bring about inclusive and prosperous settlements, taking into account safety and security considerations.

31. Staff interviewed indicated that the new country programme documents improved UN-Habitat engagement in identified countries by linking UN-Habitat strategies and work with national development goals and priorities. They added that the documents also improved alignment of normative and operational activities, and helped improve the prioritization of urban development activities within the context of the United Nations Development Assistance Framework and "delivering as one" processes. Staff interviewed also indicated that UN-Habitat would continue to revise its regional plans and country programme document approaches for ongoing alignment with the United Nations development system reform and international agreements such as SDGs and the Paris Agreement.

[3] The election criteria for UN-Habitat country programme documents were: (a) political commitment to allow for identification of national priorities and ownership; (b) in-country operations to be consistent with the thematic focus as provided by the agency's strategic plan and work programme and budget; (c) convergence and integration of normative and operational components of the agency's mandate, reinforcing the linkages between policy reforms and capacity-building activities; (d) alignment with UNDAF without the overall framework as provided by the "developing as one" principles; (e) opportunities for resource mobilization and leverage for scaling-up and disseminating good practices in support of the South-South cooperation; and (f) geographical balance and prioritization of least developed countries in planning for country programme documents.

[4] These were: (a) planned urbanization and human settlement development; (b) youth and vulnerable groups' access to competitive skills and social-economic opportunities; (c) physical infrastructure, basic services and urban economy; (d) housing and slum upgrading/redevelopment programmes; (e) management of land resources and the urban environment; (f) urban governance and capacity-building; and (g) the greater Kampala metropolitan area development.

32. This recommendation was implemented.

Recommendation 4
Revise and implement the quality-assurance responsibilities of the Project Advisory Group

33. Recommendation 4 reads as follows:

UN-Habitat should revise and implement the quality assurance responsibilities entrusted to the Project Advisory Group, namely by:

- Updating the project document template to reflect the focus areas of the strategic plan for 2014–2019 and other key elements cited in the evaluation report (including, the alignment of project documents with regional strategic plans and UN-Habitat country programme documents, risk management, and monitoring and evaluation)
- Embedding the quality-at-entry/formulation checklist into the project accrual and accountability system, making it impossible for projects to be approved until all elements in the checklists are rated as satisfactory
- Articulating steps for managing conflicts of interest in the project approval process, while ensuring that feedback from relevant stakeholders at all three levels of the organization informs the project approval process
- Ensuring that the project accrual and accountability system is continuously updated, including with meeting minutes of the Project Advisory Group

34. This recommendation addressed the need for UN-Habitat to clarify its project-approval process. Low levels of participation by branches in the Project Advisory Group had resulted in a lack of adequate quality assurance and a potential misalignment of projects with corporate objectives. Furthermore, the evaluation had indicated that inadequate segregation of duties was resulting in staff proposing projects at the decentralized level to sometimes be simultaneously involved in the project's approval, thus posing a conflict of interest.

35. In response to this recommendation, UN-Habitat redesigned its project approval process in November 2017. The approval process outlined a comprehensive workflow that took users through six key steps in the process, from concept note to final approval and budget release. The project approval process document indicated that the expected outcome was to "increase project/programme portfolios delivered in an efficient and effective manner". Each step involved a set of actors responsible for various actions and tasks. Staff indicated that these steps ensured that project development was transparent and could be monitored. This redesign also expedited the process between project concept to actualization and helped prevent funding delays.

36. Additionally, the new template for UN-Habitat country programme documents (see recommendation 3) required project concept notes to identify the local, national, regional and global priorities with which the project was aligned and asked submitters to identify whether the project was relevant to the development priorities of the country and the region. It also required submitters to identify a "reason for engagement" by answering questions such as "What is the strategic advantage to UN-Habitat? What is the UN-Habitat comparative advantage? How does project link with ongoing or past UN-Habitat interventions? What opportunities for leveraging on existing investments have been taken?" The updated template included a risk analysis

section and a section for lessons learned and best practices applied from other projects.

37. The additional requirements placed on project submissions were reflected in an updated project quality-at-entry checklist, whereby no project could be approved for funding until all elements in the checklist had been rated satisfactory. The checklist elements included an examination of risks and a clear assurance that the proposal was aligned with the UN-Habitat strategic plan. A review of Project Advisory Group meetings minutes indicated that PAG had scrutinized projects according to the foregoing criteria, and in some cases, had asked for a redrafting of the concept note in order to more clearly reflect these elements.

38. Potential conflicts of interest in the project approval process, meanwhile, were to be minimized by ensuring that those responsible for project formulation were not involved in project approvals. The OIOS review of Project Advisory Group meeting minutes, however, did not clearly indicate whether this segregation of roles had occurred.

39. On 18 November 2017, a new version of PAAS was launched. Staff interviewed indicated that measures were in place to ensure that project progress information, including the production of management reports, were updated in PAAS on at least a quarterly basis. Staff interviewees indicated that improved features of the new system included a dashboard with charts and summary information on branches' and regional offices' performance in the implementation of project grants, including budgets and expenditure. Project structures with sections on project approval, monitoring and lessons learned were revised. As the new project design and Umoja start-up was implemented in November 2017, it was too early to assess the impact of the new process on projects at this time.

40. This recommendation was implemented. As a key risk, however (see recommendation 1), conflicts of interest must be more clearly managed, namely through more explicit indication in Project Advisory Group meeting minutes that project submitters are not simultaneously involved in their own projects' approval.

Recommendation 5
Develop a risk-based approach to identifying areas for evaluation

41. Recommendation 5 reads as follows:

> Beginning with its next evaluation plan, UN-Habitat should use a risk-based approach to identify those global initiatives and country programmes most in need of evaluation and ensure that sufficient funds are located to evaluate these areas. UN-Habitat should consider commissioning:
>
> - An evaluability assessment of the strategic plan for the period 2014–2019
> - Midterm and final evaluations of the strategic plan
> - Evaluations of the Achieving Sustainable Urban Development initiative and, in accordance with the peer review of 2010 and the inception paper underlying the present evaluation, its work in humanitarian action.

42. This recommendation addressed the need for UN-Habitat to consistently and systematically document its own outcome-level performance. Evidence on the effectiveness of UN-Habitat country operations had gone largely undocumented, and few global initiatives or country operations had been subjected to evaluation. Those

evaluations that did exist were not of sufficiently high quality to provide credible evidence of results achieved.

43. In response to this recommendation, the UN-Habitat Management Board approved a revised UN-Habitat evaluation framework, which the Executive Director began implementing in January 2016. The framework established a system for assessing projects at risk, increasing evaluation coverage and charging evaluation costs to UN-Habitat projects. The framework further required all projects valued at $1 million or more to be subjected to an end-of-project evaluation, and for projects below this amount to be subjected to either an end-of-project evaluation or a self-evaluation.

44. The framework set the target of evaluating 60 per cent of 2016–2017 projects with a value of over $1 million. As of December 2017, 63 per cent of projects were evaluated, exceeding this target. This overperformance was largely the result of umbrella evaluations — that is, evaluations of country programmes that included multiple projects — such as that of the cooperation agreement between UN-Habitat and Sweden (which consisted of 19 projects), the Afghanistan country programme (which consisted of 25 projects) and the Achieving Sustainable Urban Development programme (which consisted of nine projects). Six other programmes and projects outside of these groups were evaluated. All told, the evaluation workplan for 2016–2017, dated 15 December 2017, indicated that 11 centralized evaluations had been completed, 3 were in progress and 3 were not started. For decentralized evaluations, 17 had been completed (all falling under the Achieving Sustainable Urban Development umbrella), and 13 had not been started.

45. The framework stipulated that two corporate evaluations would take place: a midterm evaluation of the implementation of the UN-Habitat strategic plan 2014–2019 and the evaluation of the UN-Habitat Regional Office for Arab States. Toward this end, an evaluability assessment of the UN-Habitat strategic plan 2014–2019 was undertaken and completed during the last quarter of 2016. This assessment articulated the approach to the midterm and final evaluations of the strategic plan in 2017 and 2019. It assessed the appropriateness of the design of the strategic plan 2014–2019 and provided recommendations for corrective measures to improve the quality of the plan. The midterm evaluation of the implementation of the UN-Habitat strategic plan for 2014–2019 was completed in April 2017 for consideration at the twenty-sixth session of the UN-Habitat Governing Council. The results of that evaluation led to the adjustment of the strategic plan for 2014–2019 to ensure that it was aligned with the New Urban Agenda and SDGs, and a revised plan was approved by the twenty-sixth session of the Governing Council, held in May 2017.

46. One component of the framework related to evaluation funding as a key risk (see recommendation 1). It stipulated that every project should have budgeted provision for some form of evaluative exercise. Staff interviewed indicated that the Evaluation Unit was represented in the Project Advisory Group meetings in an advisory role capacity to ensure that every project had a monitoring and evaluation framework and a monitoring and evaluation budget. The analysis of projects for the removal of core indirect costs for evaluation for projects closing in 2017 indicated that, in reality, such funding varied considerably: as of January 2017, 36 projects had ample funds to cover evaluation costs and a corresponding evaluation budget; 31 projects had no evaluation budget, but ample funds to cover evaluation; and 12 projects had neither ample funds nor a budget to cover evaluation costs. In 2017, the

Evaluation Unit planned for approximately $700,000 to be allotted to core indirect evaluation costs, but only $216,000 was available.[5]

47. This recommendation was implemented. Concerns remain, however, with respect to evaluation funding in the future.

Recommendation 6
Strengthen information and knowledge management

48. Recommendation 6 reads as follows:

> UN-Habitat should strengthen its systems for organizing, storing and sharing information and knowledge. This would entail:
>
> - Finalizing the terms of reference and location of the Knowledge Management Unit
> - Creating and updating quarterly a list of all staff contracted by third parties
> - Updating its Intranet on at least a monthly basis
> - Facilitating more systematic sharing of lessons and good practice across the agency
> - Requiring that regional strategic plans and UN-Habitat country programme documents, as well as project submissions to the Project Advisory Group, identify the lessons and good practice which have informed their proposals.

49. This recommendation addressed the shortcomings in information and knowledge management within UN-Habitat, as information was not centrally available, intranet updates were not routine, and awareness of policies was low. At the time of the evaluation, despite having a knowledge management strategy drafted, UN-Habitat had not yet decided on the final functions or location of a planned Knowledge Management Unit.

50. UN-Habitat finalized its knowledge management strategy, which was approved by the Management Board in October 2015. The strategy was directly linked to the UN-Habitat strategic plan for 2014–2019. The strategy served to develop a framework for UN-Habitat knowledge management that was structured around the following six broad thematic areas of intervention:

(a) strengthening the institutional and operational structure of knowledge management;

(b) reinforcing the use of information and knowledge within the organization;

(c) reinforcing knowledge management with adequate supporting infrastructure and systems;

(d) fostering partnerships for broader knowledge-sharing and learning;

(e) promoting a culture of learning and exchange;

(f) creating a monitoring mechanism for the knowledge management strategy.

[5] Memorandum requesting "evaluation indirect costs recovered from various grants that are due for evaluation" (27 April 2017).

The strategy also articulated the expected results associated with its eventual implementation, potential risks and general barriers to and challenges in knowledge management.

51. To implement the knowledge management strategy, in November 2017 UN-Habitat developed an action plan, which was finalized and agreed with senior management during a December 2017 workshop. However, owing to other UN-Habitat priorities, the action plan was not presented for approval to the UN-Habitat Senior Management Committee and Board. Approval was planned for the next meeting in early 2018. The action plan identified 23 actions (including specific deliverables) to be implemented or started in 2018.

Finalizing establishment of the Knowledge Management Unit

52. To strengthen the institutional and operational structure of knowledge management, the strategy recommended a new Knowledge Management Unit, to be located in the Research and Capacity Development Branch.[6] The action plan (see para. 51) stipulated that the Programme Division would be the overall coordinator of knowledge management,[7] and proposed that a unit be established as a matter of high priority. Owing to resource constraints, however, the function was instead conducted by the Programme Division Coordination Office's project cycle management team. However, a decision by UN-Habitat management on the best way to operationalize the Unit remained outstanding. This aspect of the recommendation was not yet implemented.

Updating of the UN-Habitat intranet

53. The action plan (see para. 51) proposed regular updating of the UN-Habitat websites (Habnet and Extranet), to ensure information on these websites was provided in real-time as much as possible. This item was designated a high priority, to be implemented within 6 to 12 months. UN-Habitat indicated that this action would become a priority once the action plan was approved. Accordingly, this aspect of the recommendation was not yet implemented.

List of all staff contracted by third parties

54. UN-Habitat had access to a list of consultants managed through the United Nations Office for Project Services (UNOPS) and the United Nations Development Programme (UNDP). The list, which was available through PAAS, documents consultants by name, nationality, contract effective and expiration dates, purpose of contract and recruitment year. The list was obsolete, however, as it was past the contract expiration date for all consultants recorded on the list, with such dates ranging from 2015 to 2016. While staff interviewed indicated that the list was updated quarterly, such updates were not evident in the most recent list extracted from PAAS during the review. This aspect of the recommendation was not implemented.

[6] UN-Habitat knowledge management strategy, p. 13.

[7] Operationalizing the UN-Habitat Knowledge Management Strategy — Proposed Action Plan, 2.a.

Sharing of lessons learned and good practices

55. In June 2017, the Research and Capacity Development Branch re-opened a Best Practices Unit. The Unit worked on knowledge production, use and sharing, including lessons learned and the dissemination of what worked and how to design and formulate new projects using the available knowledge at hand. The Unit created an interactive and user-friendly best practices database that responded to the New Urban Agenda and SDGs. While OIOS did not review the database, staff indicated that branches and regions were expected to use it to harvest relevant lessons learned during project design. This aspect of the recommendation was implemented.

Use of knowledge management as an operational guide

56. UN-Habitat undertook several measures to implement this aspect of the recommendation. For example, the action plan described in paragraph 51 of the present report included a list of "fundamentals for successful implementation" of the knowledge management strategy and action plan.[8] In addition, the new project document template (see recommendation 3) included a knowledge management section, under which each project document was to articulate the project's mechanism for capturing lessons learned and best practices, as well as a platform for knowledge-sharing among partners. In parallel, the latest project quality-at-entry checklist required the Project Advisory Group to assess the extent to which project proposals incorporated lessons learned and good practices. Some UN-Habitat country programme documents also incorporated lessons to inform future practices.

57. Staff interviewed indicated that the Research and Capacity Development Branch played an expanded role in knowledge-based activities, with the aim of strengthening the use of knowledge in day-to-day activities and decision-making, both at the operational and normative levels. They claimed that the Branch was doing so through peer reviews, peer-to-peer exchange, cross-thematic thinking and interdisciplinary analysis. Evidence for these activities was not made available to OIOS, however. Accordingly, this aspect of the recommendation was only partially implemented.

58. This recommendation was partially implemented. Once the Knowledge Management Strategy Action Plan is presented and approved by the Senior Management Committee and Board, these remaining actions will be implemented.

Recommendation 7
Finalization of the resource mobilization and partnership strategies

59. Recommendation 7 reads as follows:

> UN-Habitat should conclude the resource mobilization strategy action plan and, by the revised deadline of April 2015, the partnership strategy. Both should include a comprehensive list of specific actions required, accompanied by specific timelines and roles and responsibilities. More immediately, it should identify those partnerships most critical for maximizing the success of Habitat III.

60. This recommendation addressed the lack of a mechanism for UN-Habitat to ensure financial resources are available at a scale commensurate with its broad,

[8] These included: (a) senior management ownership and leadership; (b) investment of time, human and financial resources; (c) an organizational change plan that facilitated changes to the organization's culture over time; (d) effective integrated information/knowledge management system (e.g., PAAS); (e) commitment across board, (f) continuous monitoring; and (g) learning and adaptation.

multifaceted mandate and to manage and govern its partnerships. The evaluation had uncovered critical gaps in the resource mobilization strategy, such as a lack of specificity regarding a plan to reach set targets, dates by which to reach them and clear responsibilities for achieving them. In addition, UN-Habitat had yet to establish a mechanism for governing and managing partnerships, had not finalized its strategy, and did not have a consolidated or widely available database, guidelines and criteria on partner selection, or mechanisms for reviewing ongoing partnerships and discontinuing partnerships as necessary.

Resource mobilization

61. The UN-Habitat resource mobilization action plan for 2015 was developed and endorsed by the Senior Management Board in December 2015. With the ultimate aim of ensuring that UN-Habitat was fully resourced to execute its mandate and achieve its objectives, it sought to "raise both earmarked and non-earmarked contributions to UN-Habitat, increase the predictability of funding and broaden the donor base of contributors, in particular with reference to the core funding of UN-Habitat". It further noted that "UN-Habitat has to ensure an increase in the core donor base, to reduce the dependence of its core contributions on a limited number of traditional donor countries. In addition, efforts will be undertaken to enhance predictability in funding through multi-year contributions". It included a 2015 action plan outlining targeted milestones and the timelines, roles and responsibilities associated with each. The action plan expired in December 2015, however, and no further action plan was developed.

62. A donor relations and income strategy for 2016–2017 was approved in March 2016. The strategy included a results framework which, like the resource mobilization action plan before it, contained specific action plans that included activities, expected outputs and performance indicators. However, some activities were vague and required clarification. For example, objective 2, on long-term relationships established or enhanced with key donors, did not indicate which donors or what kinds of relationships were targeted, and objective 3, on increased level of core income, did not set specific targeted increases.

63. An internal analysis of UN-Habitat funding[9] from 2015–2017[10] indicated that:

- Total revenue decreased from $179.2 million in 2015 to $142.6 million in 2017, or by 20.4 per cent
- Foundation general purpose non-earmarked funding increased, during the period from 2015 to 2017, from $2 million to $2.6 million, or by 20 per cent
- Foundation general purpose earmarked funding increased, during the period from 2015 to 2017, from $29.6 million to $37.8 million, or by 27.7 per cent
- The level of resources from all partner types dropped in 2017 — however, the largest decline was in government donations, which decreased from $158.2 million in 2016 to $92.4 million by November 2017, or by 41.6 per cent

Staff interviewees indicated that UN-Habitat was aiming to increase the proportion of "soft" earmarked funding, in order to allow it to maintain a degree of programmatic flexibility. Toward this end, UN-Habitat was identifying aspects of its strategic plan

[9] UN-Habitat Workshop, 4 December 2017.
[10] That is, up to and including November 2017.

for 2014–2019 that aligned with particular donor goals, in order to build more predictable funding and strategic alliances.

64. In March 2017, UN-Habitat launched a survey of donors who had contributed to the agency's core and earmarked funding during the previous five years. A total of 24 donors responded, and 15 others were interviewed in person or remotely. The survey concluded that one main donor expectation was greater accountability and transparency by UN-Habitat and its implementing partners. Consequently, at the time of the evaluation review, UN-Habitat was developing a partner portal, using its website to track its work and outputs.

65. Additionally, UN-Habitat was developing a 2018 resource mobilization plan and a resource mobilization strategy template for 2018–2019, to be used by regional offices and branches to outline resource mobilization plans for this period. The draft template included space for an analysis of strengths, weaknesses, opportunities and threats; 2018–2019 resource mobilization and revenue targets by programme, country and theme; and new prospective donors. These plans were to be compiled into a consolidated 2018–2019 plan containing specific, measurable, achievable, relevant and time-bound indicators.

66. This aspect of the recommendation was implemented. As indicated in paragraph 61 of the present report, however, these actions did not alone guarantee funding adequate enough to ensure that the goals articulated in the strategic plan would be met.

Partnership

67. The UN-Habitat partnership strategy 2017–2022 was launched in April 2017, with a stated purpose being to:

> "advance the partnerships UN-Habitat needs to successfully coordinate and implement the New Urban Agenda and urban-related SDGs, in light of its mandate and further to its focal point role assigned by Member States during the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), held in Quito, in October 2016. In this way, the partnerships strategy aims to: serve as both a vehicle for strategic political engagement with Member States and the United Nations system; mobilize stakeholder engagement at various levels; be adopted as a tool for effective implementation; and scale up UN-Habitat programmes and resource mobilization among existing and prospective donors."

The strategy stated its key pillars as being: a holistic approach, visibility, action and influence. It also articulated guiding principles, lessons learned and eight key target partners. These include: (a) governmental partners (Member States, parliamentarians, intergovernmental agencies); (b) local authorities; (c) United Nations agencies; (d) development banks and financial entities; (e) private sector; (f) civil society; (g) knowledge partners; and (h) implementing partners.

68. The External Relations Division was developing a partnership strategy implementation plan and consulting with branches and regional offices to clarify the partners with whom each would engage. The various roles and responsibilities, as well as the timelines, will be articulated in the action plan.

69. UN-Habitat participated in developing the United Nations system collaborative implementation framework for sustainable urban development. The framework was expected to strengthen the coordination role of UN-Habitat and build strong

partnerships within the United Nations system in order to support Member States in implementing the SDGs and the New Urban Agenda. Under the leadership of UN-Habitat, the framework aimed to enable greater coherence and collaboration across the United Nations system's work in urban areas, leveraging expertise and cross-sectoral capacities and scaling up sustainable urban development interventions that accelerate progress toward the achievement of the SDGs.

70. Also in the development stage was the voluntary reference group for development of a stakeholder collaborative framework for implementation of the New Urban Agenda, relevant SDGs and UN-Habitat partnerships, which was to be discussed more substantively at the World Urban Forum to be held in Kuala Lumpur in February 2018. The draft terms of reference for the group indicated that the purpose of the collaborative framework was to:

(a) Strengthen stakeholders' collaboration with UN-Habitat and among partners themselves during implementation, follow-up, monitoring and reporting on the New Urban Agenda, relevant SDGs, and other global commitments;

(b) Encourage ownership, collaboration and the systematic sharing of responsibilities between various stakeholders at all levels;

(c) Draw on stakeholders' expertise and knowledge;

(d) Give voice to the voiceless and enhance access to information on sustainable urban development.

71. UN-Habitat was setting up the partner information management system, a portal to help it more strategically and effectively manage its partners' contributions. It envisioned the portal as an online information management tool, a protocol on the use of partnership information in selecting and evaluating partnerships, with the engagement of branch focal points. The three expected accomplishments associated with the portal were:

(a) More strategic management of partnerships by UN-Habitat staff;

(b) More accurate, complete documentation and reporting of stakeholders and partnerships for every unit, branch and division, and for the agency as a whole;

(c) More frequent and reliable communication and information-sharing with all partners on the ongoing work of UN-Habitat.

72. UN-Habitat was also closely involved in the Multi-Partner Implementation Facility for Sustainable Urban Development, a trust fund co-led by the United Nations and the World Bank with partners, including UN-Habitat, the World Bank Group, UNDP, UNOPS, the World Food Programme, the United Nations Entity for Gender Equality and the Empowerment of Women, and the United Nations Global Compact. the Facility was still under development and was a direct outcome of the partnership strategy.

73. Staff interviewees indicated that a major challenge was the 1.5-year delay in recruiting the head of partnerships for UN-Habitat. This contributed to the delay in finalizing the partnership strategy and had potential implications for the execution of the actions in the current strategy. All told, however, this aspect of the recommendation was implemented.

74. This recommendation was implemented.

III. Conclusion

75. UN-Habitat undertook numerous measures to implement the recommendations contained in the OIOS evaluation. It improved its approach to systematically identifying and managing risk, more clearly cascaded its overall vision and strategy to the regional and country levels, sharpened project-approval processes, took a more risk-based approach to evaluation planning and strengthened its resource mobilization and partnership strategies. The results of these actions were unknown, however, as most were only recently implemented. UN-Habitat should continue to strengthen its accountability mechanism and ensure prompt follow-up of all outstanding issues raised at Risk Oversight and Advisory Committee meetings. It should also strengthen the role of knowledge management within the agency by undertaking the specific measures proposed in recommendation 6.

(*Signed*) Heidi **Mendoza**
Under-Secretary-General for Internal Oversight Services
March 2018

Annex*

Comments from the United Nations Human Settlements Programme

Thank you for your memorandum dated 5 March 2018 and sharing with us the formal draft report of the Office of Internal Oversight Services (OIOS) on the triennial review of the implementation of recommendations from the evaluation of the United Nations Human Settlements Programme (UN-Habitat) for our review and comments. The review has found out that of the seven OIOS recommendations that resulted from the evaluation of the UN-Habitat, six recommendations were implemented and one recommendation was partially implemented.

As you have indicated in the memo, my staff provided comments and insights on an earlier informal draft report, and UN-Habitat has no further comments on this formal draft report.

I would like, therefore, to take this opportunity to thank OIOS for the evaluation, which resulted in actionable recommendations. The implementation of these recommendations has significantly helped UN-Habitat to improve its approach to systematically identifying and managing risk, improve its accountability, more clearly cascade its overall vision and strategy to the regional and country levels, sharpen its project-approval processes, ensure a more risk-management-based approach to evaluation planning and strengthen its resource mobilization and partnership strategies. Although the recommendation on information and knowledge management is yet to be fully implemented, UN-Habitat now has the knowledge management action plan and will continue to strengthen the role of knowledge management within the agency by undertaking specific measures proposed under the recommendation.

* In the present annex, the Office of Internal Oversight Services presents the full text of comments received from the United Nations Human Settlements Programme. This practice has been instituted in line with General Assembly resolution 64/263, following the recommendation of the Independent Audit Advisory Committee.